

**Rate Schedule DSW-RS4
SCHEDULE 2 to OATT
(Supersedes Schedule DSW-RS3)**

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**Desert Southwest Region and
Western Area Lower Colorado Balancing Authority**

**REACTIVE SUPPLY AND VOLTAGE CONTROL FROM
GENERATION SOURCES OR OTHER SOURCES SERVICE**

Effective

The first day of the first full billing period beginning on or after October 1, 2016, and will remain in effect through September 30, 2021, or until superseded.

Applicable

In order to maintain transmission voltages on the transmission facilities within acceptable limits, generation facilities and non-generation resources capable of providing Reactive Supply and Voltage Control (VAR Support Service) are operated to produce (or absorb) reactive power. This service must be provided for each transaction on the transmission facilities within the Balancing Authority (BA) by the Transmission Service Provider (TSP) or the BA who performs this function for the TSP.

VAR Support Service will be provided by the Western Area Lower Colorado Balancing Authority (WALC). Customers of a Federal TSP must purchase this service from WALC unless the transmission customer has generating resources capable of providing VARs directly to the Federal TSP and has executed a contract stipulating all the provisions of their self-supply. If WALC provides VAR Support Service on behalf of any non-Federal TSP, this service will be assessed on either the non-Federal TSP's reserved capacity or the scheduled quantity of the non-Federal TSP's customers.

Formula Rate

$$\text{VAR Support Service Rate} = \frac{\text{Annual Revenue Requirement for VAR Support}}{\text{Transmission Transactions Requiring VAR}}$$

The numerator consists of the annual revenue requirement for generation multiplied by the percentage of resource capacity used for providing VAR Support Service. That percentage is based on the nameplate power factor (one minus the power factor) for the generating units supplying the service within WALC. The denominator consists of the transmission transactions within WALC that require this service.

Based on the formula rate, the charge will be calculated each fiscal year using updated financial and reservation data. The charge will be effective on October 1st of each year and will be posted on WALC's website.